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CITY COUNCIL APPROVES HILTON MANAGEMENT SERVICES AGREEMENT FOR O'HARE

New 10 year agreement expected to generate \$25 million annually at O'Hare; continue day-to-day management services and support future hotel modernization efforts for O'Hare

The City Council today passed a new management agreement between Hilton Management, LLC and the City of Chicago to operate Hilton Chicago O'Hare Airport and to guide a future modernization of the property. Through a renewed partnership with Hilton Management, LLC, the City of Chicago will continue to own the hotel, while retaining expert management services for the day-to-day operations of the Hilton Chicago O'Hare Airport upon the expiration of the current lease at the end of this year.

The new management agreement will allow the City to maximize the hotel's revenue production capabilities for an anticipated \$17 million in additional revenues, or upwards of \$25 million total each year, allowing it to be directed toward future airport modernization and air service development at O'Hare.

"Chicago would not be the world class city it is without a world class aviation system, and without O'Hare as a top connected hub and global destination for its nearly 80 million travelers a year," said Mayor Emanuel. "Our new hotel agreements will carry forward Chicago's overall plan to ensure O'Hare remains competitive while creating new jobs and continued economic growth for the City."

The new hotel management agreement will pave the way for a modernization of the Hilton Chicago O'Hare Airport, without the use of any local taxpayer dollars. Hotel redevelopment plans are expected to expand travelers' direct access to accommodations and provide new conference facilities for O'Hare's growing passenger volumes. Also included in today's passage is an agreement for pre-opening services, which will support CDA to re-launch the O'Hare Hilton hotel when the renovation has been completed.

"O'Hare is committed to providing our passengers with world class service, including direct access to modern hotel accommodations and conference space for our 80 million passengers served each year," said CDA Commissioner Jamie L. Rhee. "By partnering with Hilton Management, LLC, a global leader in hospitality, the Chicago Department of Aviation will continue our focus on building capacity for local firms to be a part of delivering modern new facilities at O'Hare."

The City Council also approved today a Food and Beverage Management Agreement with Hyde Park Hospitality, a certified Airport Certified Disadvantaged Business Enterprise (ACDBE) that will

operate all of the food and beverage locations in the hotel. The ACDBE participation goal is 15 percent, and is expected to meet a 26 percent targeted ACDBE participation. The Hilton Management, LLC plan includes seven local certified ACDBE providers, which have been identified to achieve the CDA's expectations for diversity and inclusion across all of its projects.

Hilton Chicago O'Hare Airport team members will remain employed under the new management agreement.

Hilton Management, LLC was selected through a competitive Request for Proposals process that began in April 2017. Hilton Management, LLC has demonstrated a robust community engagement plan designed to bring in local firms and to prioritize local residents in all future hiring, which was one of several criteria that all hotel respondents were evaluated on as part of an independent competitive selection process.

"The City of Chicago supports modern hotels that will keep O'Hare competitive and thriving," said Chairman of the Aviation Committee and 19th Ward Alderman Matt O'Shea. "I look forward to working with the Chicago Department of Aviation on building a modern new airport and ensuring that all future hotel developments and the overall modernization of O'Hare will generate new opportunity for the residents and businesses of our city."

Over the next year, the CDA will work with Hilton Management, LLC to plan, design and assess costs for a full rehabilitation of the Hilton Chicago O'Hare Airport, which is located adjacent to Terminal 2. The rehabilitation will be funded in part by additional revenues collected by the new agreement with Hilton. This investment will ensure Hilton Chicago O'Hare Airport continues to provide the best modern hotel accommodations for 21st century travelers as the airport grows.

"These hotel agreements further support Chicago's work to enhance O'Hare as a gateway, and support our efforts to create economic opportunity in the City," said Vice Chair of the Aviation Committee and 36th Ward Alderman Gilbert Villegas. "The City Council is committed to working with the O'Hare team on future hotel redevelopment projects and throughout this historic terminal expansion program to ensure these investments result in good paying jobs and economic opportunity created for Chicagoans."

Along with the modernization of the current Hilton Chicago O'Hare Airport, the City is contemplating a future development with a second airport hotel adjacent to Terminal 5. All future hotel development agreements are subject to the review authority of the City Council. Hotel redevelopments at O'Hare are expected to create not only the capacity Chicago-O'Hare needs to remain competitive with its peer hubs, and to generate jobs for the community.

"As one of the world's busiest airports, O'Hare has such a rich history of welcoming both business and leisure travelers to the City of Chicago and Hilton O'Hare has long been a part of it," said Danny Hughes, Executive Vice President and President, Americas, Hilton. "We are excited to be part of the renewal of a bold new O'Hare and can't wait to work alongside the City to bring modern, renovated accommodations to Hilton Chicago O'Hare Airport."

Delivering modern new hotels is the latest in a series of investments by the City and its partners to make O'Hare a 21st century global gateway, while increasing economic opportunity for the city and

its residents. Mayor Emanuel's vision for O'Hare 21 creates tens of thousands of construction jobs over the next eight years, and tens of thousands of permanent full time jobs for the future beyond construction. Over the next decade, the \$8.5 billion terminal expansion program and other capacity-growing projects for O'Hare will position the airport for future growth, while ensuring the future success of Chicago's biggest economic engine.

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